

582 Market Street, Suite 1020, San Francisco, CA 94104

Telephone 415.834.2300  
Facsimile 415.834.2310  
Email [gra@gralegal.com](mailto:gra@gralegal.com)

Dian M. Grueneich  
[dgrueneich@gralegal.com](mailto:dgrueneich@gralegal.com)

January 16, 2004

Paul Clanon, Director  
Energy Division  
California Public Utilities Commission  
505 Van Ness Ave.  
San Francisco, CA 94102

Re: Confirmation Number 1489-02  
Reconsideration of Funding for The SDG&E Portion Of The UC/CSU/IOU 2004-05 Statewide Energy Efficiency Partnership Program

Dear Mr. Clannon:

As you know, The University of California and the California State University ("UC/CSU") have joined with the four large California investor-owned energy utilities (Pacific Gas and Electric Company, Southern California Edison, San Diego Gas and Electric Company, and Southern California Gas Company) in a unique and comprehensive statewide energy efficiency program for 2004-05 ("Partnership"). While the Energy Division and ALJ Malcolm's Proposed Decision recommended funding for this program in all four service areas, unfortunately, the final Commission decision eliminated funding for the campuses in the SDG&E service area, pending further Energy Division review.

It is our understanding that SDG&E is filing today supplemental information that will, among other things, seek to restore funding of the SDG&E portion of this innovative program. For the all of reasons stated by SDG&E in its supplemental filing, as well as those presented herein, UC/CSU urge that the Commission funding for the SDG&E portion as provided in the proposed decision of ALJ Malcolm, be approved so that the Partnership may proceed on a statewide basis. To do otherwise will jeopardize the program as a whole and unfairly penalize UC/CSU campuses in the SDG&E service area.

The Energy Division had included the SDG&E portion on the short list even though this piece of the Partnership had an initial score of 50, and a secondary score of 74, because: (i) the overall UC/CSU/IOU Partnership, on a statewide basis, scored above 60 points in the primary criteria, (ii) the SCE and PG&E portions had been approved for funding, (iii) the Partnership was consistent with the Commission's strong policy preference for partnership programs, and (iv) a



similar program for the UC campuses was run successfully in 2002-2003.<sup>1</sup> As noted, the program was developed as a statewide program, and as such received an overall score of over 60 points, thus qualifying the entire program for the Energy Division's short list.

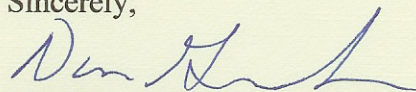
Moreover, with not only retrofits done throughout the state, but also building commissioning and critical "best practices" training offered to all campuses, eliminating the SDG&E element will unfairly penalize University personnel on the SDG&E campuses from receiving this valuable training. Due to the state's severe budget crisis, if the Commission does not fund the SDG&E portion of the Partnership, the SDG&E campuses will not take part in the Partnership. And, without the budget provided under the SDG&E element of the program, this lack of funding will jeopardize the ability to develop and implement the full scope of program envisioned in the fall 2003 filing.

Because UC/CSU are public institutions serving the people of the state, the savings of this program will doubly benefit the ratepayers, first by reducing energy usage and demand statewide, and secondly by freeing up extremely scarce dollars for other educational purposes. From a policy perspective, there is no reason to bar the SDG&E campuses from this Partnership.

UC/CSU strongly support SDG&E's filing and request that the Commission provide funding to the UC/CSU/IOU Statewide Partnership as proposed in the October 7, 2003 IOU submittals and as recommended by ALJ Malcolm's Proposed Decision and the Energy Division. We strongly urge the Energy Division to renew its recommendation that the SDG&E portion of the program be funded, as per the ALJ Draft Decision.

UC/CSU have worked closely with SDG&E to develop the changes in the budget/workplan submitted by SDG&E today, if reduction in funding is required from that set forth in the ALJ Malcolm PD. However, we urge the Commission to approve the funding proposed in ALJ Malcolm's Proposed Decision, rather than reduce already limited funding amounts.

Sincerely,



Dian Grueneich

Grueneich Resource Advocates

On Behalf of the University of California and the  
California State University

Cc: Athena Besa, SDG&E  
Jay Luo, PG&E  
Don Arambula, SCE  
Frank Spasaro, SoCalGas  
Maric Munn, UC  
Len Pettis, CSU

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<sup>1</sup> We believe the reference to the 2002-03 UC program should have been for CSU. However, both UC and CSU have implemented a number of successful EE programs, as documented in the original program submission.